

1 business combination?

2 A No.

3 Q Have you had discussions with Mr. Shrinsky
4 about a possible business combination between SBS and
5 HBC or Heftel?

6 A I can recall at least one time but I don't
7 know. There could have been more. I don't remember.

8 Q When was the time that you recall?

9 A I was presenting at the Hulk Cagen Media
10 Conference (phonetic) in New York. I don't recall
11 specifically when the year is. I'm sure I could find
12 out.

13 And after I presented I was walking out
14 and Mr. Shrinsky came up to me. I don't believe I had
15 ever met him. I think he introduced himself to me at
16 that time. I do think I knew of him. I don't
17 remember being surprised that I knew who Mr. Shrinsky
18 was. And we had a discussion about the possible
19 merger between the two companies.

20 Q Okay. Your testimony is that he came up to
21 you after the conference?

22 A That's my recollection, yes.

23 Q Not that you approached him?

24 A I don't think that I knew him. I don't -- I
25 don't think I had ever met him. I don't know how I

1 would have been able to approach him.

2 Q Had you heard him speak at the conference?

3 A I don't believe so, no.

4 Q Did you speak at the conference?

5 A I was on a panel at the conference, yes. It
6 was directly after that panel that he approached me.

7 Q What did he say to you and what did you say
8 to him about the subject of a possible business
9 combination with SBS?

10 A My recollection is he -- he first told me
11 who he was, and then he asked me if I had a second to
12 talk. I said, sure. Again, I think I knew who Jason
13 was.

14 And my recollection is that we had some
15 small talk and then I think I said something to the
16 effect of, you know, do you ever think we'll get SBS
17 and Heftel to get together. And I believe his
18 response at the time was that he didn't think it was
19 likely at the time.

20 And I gather from that, that that was
21 probably during a period when it was less likely --
22 there were periods when it was more likely and there
23 were periods when it was less likely.

24 And he said that -- I said, well, you
25 know, that's unfortunate because it would really make

1 it a great company. And Jason said, yeah, it really
2 would.

3 And then he said, you know, it's too
4 bad, Raul really ought to -- he ought to do this. I
5 think it would be great for company. And I said,
6 well, you know, it's -- it would be a good time. And
7 Jason said, yeah, you know, SBS is in a good position,
8 they don't need to do a deal right now. And it would
9 be a good time for them to do a deal.

10 And I said, you know, there's -- you
11 always want to negotiate with strength. And Jason
12 said, yeah. And I said, you know, given the fact that
13 SBS has taken on a lot of leverage this is a good time
14 for them to negotiate. They certainly don't want to
15 be negotiating from a position of weakness which could
16 happen, you know, for example, if they were to end up
17 in bankruptcy.

18 Q Did you tell Mr. Shrinsky that you were
19 aware that your father had had discussions with
20 Mr. Alarcon in the months before that -- that meeting
21 with Mr. Shrinsky?

22 A I don't -- I don't recall if we specifically
23 talked about that or not. But given the context of
24 that, that is very -- certainly likely.

25 Q Did you -- were you aware that the principal

1 stumbling block to a business combination during your
2 father and Mr. Alarcon's discussions at that time was
3 the price that Clear Channel would pay for SBS stock?

4 A I think that's my recollection, yes.

5 Q And did you -- did you have a further
6 discussion with Mr. Shrinsky at this meeting at the
7 Cagen conference concerning the price that you thought
8 was a fair price for SBS?

9 A I don't know.

10 Q Did you -- did you offer Mr. Shrinsky -- did
11 you say to Mr. Shrinsky you thought that the price
12 that should be paid for SBS was even lower than what
13 your father had offered in the few months before?

14 A I have no idea.

15 Q Did you tell Mr. Shrinsky that if SBS didn't
16 accept the offer that had been put on the table by
17 your father that you would wind up buying SBS on the
18 bankruptcy court steps?

19 A No. I did not say that.

20 Q Did you discuss -- did you use the word
21 bankruptcy at all in those discussions?

22 A Yes.

23 Q And were you suggesting to Mr. Shrinsky that
24 if SBS didn't do a merger they'd wind up in
25 bankruptcy?

1 A No.

2 Q And you never used the word bankruptcy court
3 steps?

4 A I know that we discussed bankruptcy. It was
5 in the context of negotiating position, and that Jason
6 felt like that they were in a good position to
7 negotiate because they didn't need to do a deal.

8 And my recollection is I said, you
9 certainly don't want to be negotiating from -- if you
10 were in bankruptcy. Whether or not I said bankruptcy
11 court steps, I don't know.

12 Q Isn't there a long distance between don't
13 need to do a deal and bankruptcy?

14 A Depending upon the context, possibly. But
15 in this one I don't think so.

16 Q You thought that it was a realistic
17 possibility at the time that SBS might have to file
18 bankruptcy?

19 A It had not been too many years before that
20 that they were very close to filing bankruptcy. And
21 they've had a history of using a tremendous amount of
22 leverage in the company. So I would say the answer to
23 that is yes.

24 Q And -- and they didn't have a financially --
25 financial benefactor that was a significant

1 shareholder. Is that --

2 A I'm not sure I understand your question.

3 Q Well, they were -- SBS was an independent
4 company. Right? They weren't affiliated with any
5 other company.

6 A I think at that point in time that is true.

7 Q So you were judging -- you were judging SBS
8 on its -- within its own financial statements without
9 the benefit of any -- any financial backer that could
10 come to its assistance?

11 A I was looking at the company in its current
12 form, yeah.

13 Q And has SBS filed bankruptcy?

14 A Not to my knowledge.

15 Q Does that surprise you?

16 A Does it surprise me that they haven't?

17 Q Yeah.

18 A Not necessarily, no. Most companies don't.

19 Q Do you have any reason to believe today that
20 they're in any danger of going into bankruptcy?

21 A I believe that they have committed
22 themselves to certain acquisitions that have increased
23 their leverage. Whether or not they are close to
24 that, I couldn't tell you.

25 Q Were -- were some of the commitments that

1 they had made at the time you were talking to
2 Mr. Shrinsky commitments that they dealt with by
3 subsequent financing?

4 A You'll have to repeat the question.

5 Q Well, did the -- did the proceeds of SBS's
6 initial public offering enable them to finance most of
7 the financial commitments that you were -- you had in
8 mind when you had this conversation with Mr. Shrinsky
9 about bankruptcy after the Cagen conference?

10 A Well, at the time the discussion was about
11 the fact that they were in pretty good financial
12 shape. So I'm not sure I understand the question.

13 Q Well, you thought at the time that they had
14 made commitments that suggested that down the road
15 they might have some financial problems.

16 A I did not say that.

17 Q You didn't think that?

18 A No.

19 Q What -- what conversations have you had with
20 Julio Rambaut concerning the possibility of an
21 acquisition by SBS?

22 A I can't tell you specifically, but I know
23 that I've had conversations with him.

24 Q When did you first meet Mr. Rambaut?

25 A I'm trying to determine if I have actually

1 ever met him. I seem to think that I have met him but
2 I'm not a hundred percent sure that I have ever met
3 him.

4 Q Have you ever spoken with Mr. Rambaut?

5 A Yes.

6 Q By telephone?

7 A Yes.

8 Q And you may or may not have met him in
9 person?

10 A Yeah. I'm just not sure.

11 Q How did you come to be fortunate enough to
12 meet Mr Rambaut?

13 A I believe he initiated that dialogue with
14 me.

15 Q And about how long ago was that?

16 A I think it was generally around the time
17 frame that we did the Heftel and Tichenor
18 transactions, but I can't tell you specifically when
19 it started.

20 Q And who did he tell you he represented?

21 A It depended. He represented lots of
22 different people in various matters, so it would
23 depend upon the circumstance. Sometimes he felt that
24 he represented us and sometimes he represented other
25 people.

1 Q Did -- has Clear Channel ever had any kind
2 of consulting or other arrangement with Mr. Rambaut?

3 A Not that I'm aware of.

4 Q Has Clear Channel ever paid any money to
5 Mr. Rambaut?

6 A Not that I'm aware of.

7 Q Has HBC ever had a consulting or other
8 arrangement with Mr. Rambaut?

9 A I couldn't answer that.

10 Q Do you know whether HBC has ever paid any
11 money to Mr. Rambaut?

12 A I don't know.

13 Q Has SBS ever had a financial or other
14 consulting arrangement with Mr. Rambaut?

15 A I believe so.

16 Q And what is the source of your understanding
17 of Mr. Rambaut's relationship with SBS?

18 A That for a period of time he was the Chief
19 Operating Officer for the company.

20 Q Is that something he told you?

21 A I believe so.

22 Q Did anyone else ever tell you that he was
23 the Chief Operating Officer of SBS?

24 A I don't know.

25 Q And you -- you took it on face value when he

1 told you that he was the COO of SBS.

2 A I recall -- yeah. I -- I believe I did.

3 Q Are you aware of any litigation between
4 Mr. Rambaut and SBS over whether he was the COO of
5 SBS?

6 A I know that there is litigation. I don't
7 know what it is about.

8 Q What -- what's the nature of the discussions
9 you had with Mr. Rambaut about a possible business
10 combination between Heftel or HBC and SBS?

11 A It was generally, you know, whether or not a
12 deal could happen. And primarily it was Julio trying
13 to suggest that he could be helpful in that process.

14 Q And how did he suggest he could be helpful
15 in that process?

16 A He seemed to position himself as having a
17 very close relationship with Raul.

18 Q Raul Alarcon?

19 A I'm sorry. Mr. Alarcon, yes.

20 Q You never asked -- you never talked to
21 Mr. Alarcon. Right?

22 A Not to my knowledge.

23 Q So you wouldn't know whether Mr. Rambaut
24 really did have a close relationship or not.

25 A Other than what he told me, no.

1 Q Did you check out with anyone else whether
2 Mr. Rambaut had a close relationship with Mr. Alarcon?

3 A My recollection is that -- that after the
4 first time I -- I think that -- I think I probably
5 asked Mr. Tichenor who Mr. Rambaut was. And I think
6 he told me that he was a media broker and that -- I
7 can't remember if I asked him specifically whether or
8 not he had a relationship with Mr. Alarcon or not.

9 Q Did Mr. Tichenor warn you not to believe
10 everything Mr. Rambaut said?

11 A I don't know whether or not he told me that
12 or not. I generally tend to be somewhat skeptical of
13 media brokers.

14 Q Did Mr. Tichenor suggest that you should
15 have some caution in dealing with Mr. Rambaut?

16 A I can't remember if he said that
17 specifically or not.

18 Q But that would be your normal practice in
19 dealing with media brokers?

20 A They would tend to be -- yes. That would be
21 my general practice.

22 Q And specifically you've applied that with
23 Mr. Rambaut?

24 A I don't know if in all instances I have, but
25 I would hope generally I have.

1 Q So as you sit here today you wouldn't know
2 whether if Mr. Rambaut said something that you should
3 believe it or not?

4 A My nature would be to believe him but, you
5 know, I obviously couldn't attest to the veracity of
6 his comments.

7 Q Did you ever tell Mr. Rambaut that you,
8 rather than Mac Tichenor, was the person who would
9 make the critical decisions on a potential merger
10 between HBC and SBS?

11 A Of course not.

12 Q Did you ever tell him anything like that?

13 A Not to my knowledge. I -- I can't believe
14 that I did.

15 Q Are you aware that Mr. Rambaut said
16 something to that effect to Mr. Alarcon?

17 A I believe that that was in the -- the filing
18 that SBS made.

19 Q You mean the complaint and the amended
20 complaint?

21 A Yes.

22 Q You -- other than -- other than those
23 documents, do you have any awareness that Mr. Rambaut
24 ever told Mr. Alarcon or anyone else that you, rather
25 than Mac Tichenor, was the person who would decide

1 whether SBS and HBC merged?

2 A I -- I don't know.

3 Q Did you ever have any e-mail traffic with
4 Mr. Rambaut?

5 A Yes.

6 Q Do you still have those e-mails or --

7 A I don't know.

8 Q What was the subject of those e-mails?

9 A I -- I couldn't tell you specifically. I
10 don't know.

11 Q Were any of them about SBS?

12 A Yes.

13 Q And over what period of time did you have
14 that e-mail traffic with Mr. Rambaut?

15 A Again, I couldn't -- you know, I couldn't
16 tell you precisely when the different points of
17 interface with him were specifically. I just -- I
18 don't know.

19 Q Were those e-mails coming from a SBS server
20 or were they coming from some other server?

21 A No. They were coming -- they were coming
22 from Julio, from his -- it was -- whatever his -- it
23 was definitely -- my recollection was that they were
24 not from an SBS server. At the time -- just to put --
25 at the time of most of my dialogue with Julio he was

1 not representing that he worked for SBS. That was
2 only for a very brief period of time.

3 Q What did you talk with Mr. Rambaut about
4 during the time that he was claiming to work for SBS?

5 A I -- I can't remember specifically if I had
6 conversations with him during that time period or
7 not. I just -- I can't remember specifically.

8 Q At any time period what do you remember
9 about your discussions with Mr. Rambaut concerning a
10 business combination between SBS and HBC or Heftel?

11 A Again, as I said, it was generally that --
12 that Julio felt that he could be helpful in trying to
13 bridge the gap between Heftel and SBS because he had a
14 close relationship with Mr. Alarcon.

15 Q Why was he telling this to you?

16 A I think primarily because he was trying to
17 get a fee.

18 Q Well, I mean did he -- was this after
19 February 14th, 1997?

20 A Certainly some of the conversations were.

21 Q Did you tell him when he had those
22 conversations with you that you weren't the right
23 person to speak to, he should talk to somebody at HBC?

24 A I always told him that if there was going to
25 be discussions between the two companies that he

1 needed to talk to Mac.

2 Q Did you tell him -- did you have a
3 conversation with Mr. Rambaut where you said, stop
4 wasting my time, I don't represent HBC?

5 A I think I frequently told him that I wasn't
6 the right person for him to talk to, but that did not
7 stop him.

8 Q He kept calling you.

9 A Yeah.

10 Q Because he doesn't -- doesn't take no for an
11 answer or why -- why was he continuing to probe?

12 A I think he's a very persistent individual,
13 yes.

14 Q Did you get any faxes or memos from
15 Mr. Rambaut?

16 A I very well may have. I think that I did
17 get -- whether or not they were faxes or memos, I do
18 recall certain -- certain things. I can't tell you
19 precisely.

20 Q Do you have any of those still?

21 A Not that I'm aware of, no.

22 Q Did you write him back on either the e-mails
23 or the faxes or memos?

24 A I'm sure I responded to some of the
25 e-mails. I don't know if I ever responded to any of

1 the faxes or memos.

2 Q Do you remember the subject of the e-mails
3 that you responded to?

4 A Again, in general they were about a
5 potential merger between Heftel and SBS.

6 Q He said that **he** had told you that he could
7 help get over the gap that existed in the
8 negotiations. What -- what are you referring to about
9 the gap?

10 A Well, the -- the primary gap was the price.

11 Q And what do you recall about discussions of
12 the acquisition price over time?

13 A I honestly couldn't tell you the specifics.

14 Q What --

15 A Just that they were -- that there was a wide
16 gap between them.

17 Q What did -- how did Mr. Rambaut tell you
18 that he could help bridge that gap?

19 A I don't remember, to be honest with you.

20 Q Did you ever get any information from
21 Mr. Rambaut about SBS?

22 A And when you say information...

23 Q Did he ever tell you anything about -- did
24 he ever call you up or write you an e-mail that said,
25 this isn't public but I want you to know the following

1 about SBS?

2 A He may have, but I cannot -- I can't
3 specifically recall anything.

4 Q In the discussions about -- about the --
5 getting -- bridging the gap between on the price
6 negotiations, did Mr. Rambaut ever tell you anything
7 about what he thought Mr. Alarcon's pricing goals
8 were?

9 A I don't recall if he did or he didn't.

10 Q Did Mr. Rambaut ever tell you anything about
11 Mr. Alarcon or his family?

12 A I don't recall that he did or he didn't.

13 Q Did Mr. Rambaut ever have any discussions
14 with you about the negotiations between SBS and the
15 International Church of the Four Square Gospel?

16 A No.

17 Q Did Mr. Rambaut ever talk to you about any
18 SBS financings?

19 A No.

20 Q Did Mr. Rambaut ever talk to anybody else at
21 Clear Channel?

22 A Not that I'm aware of.

23 Q Did Mr. Rambaut tell you -- did he talk to
24 anybody at HBC?

25 A I believe he talked to Mr. Tichenor but I --

1 you'd have to ask Mr. Tichenor.

2 Q Do you know whether he also talked to
3 Mr. Hinson?

4 A I don't know specifically.

5 Q You mentioned Elizabeth Satin before.

6 A Yes.

7 Q And you said you thought she was involved in
8 financing that Lehman Brothers had been a
9 co-underwriter on for -- for Heftel or was it for
10 Clear Channel?

11 A She -- she was a co-underwriter on a equity
12 offering for Heftel, yes.

13 Q Had she ever worked on any equity offerings
14 for Clear Channel?

15 A Had she specifically? I don't know.
16 Certainly Lehman Brothers had.

17 Q So you were -- you had worked with -- you
18 had worked with Lehman Brothers from the time you came
19 back to be CFO in -- of Clear Channel?

20 A They had been -- yes. We had a -- Clear
21 Channel had a relationship with Lehman Brothers, yes.

22 Q Who were -- who were Clear Channel's
23 principal underwriting firms for equity offerings in
24 the 1990s?

25 A And when you say principal what do you

1 Drew Marcus, the research analyst, in connection with
2 your underwritings?

3 A Yes.

4 Q During that same period of time --

5 MR. DWYER: Let me withdraw that.

6 Q In the period of time from when Clear
7 Channel acquired an interest in Heftel through and
8 including the -- the February 14th, 1997 merger of
9 Heftel and Tichenor, did Alex Brown play any role in
10 HBC underwritings?

11 A Yes.

12 Q What was its role in those underwritings?

13 A It was one of the co-lead underwriters. I
14 think I already said that.

15 Q And did you personally recommend that they
16 be one of the co-lead underwriters?

17 A I believe that I was -- yes.

18 Q And did they continue after the -- after
19 the -- the merger of Tichenor and Heftel, did Alex
20 Brown continue to have a significant role in
21 Heftel/HBC underwritings?

22 A I don't know if they did or they didn't.

23 Q Now, going back to Elizabeth Satin, had you
24 known Elizabeth Satin when you were at Goldman?

25 A I don't believe so, no.

1 Q So how -- did you first meet Elizabeth Satin
2 in connection with an underwriting that Lehman was
3 doing for Clear Channel?

4 A I don't know if I first met her as part of
5 an underwriting. She was the general investment
6 banking contact for Lehman Brothers for Clear
7 Channel. So I could have -- my initial introduction
8 to her could have come through a number of -- she
9 could have called me on a particular deal or
10 something. I just don't know. She was the general
11 contact person at Lehman for Clear Channel.

12 Q When did you first meet her or talk to her?

13 A I couldn't tell you precisely. I don't
14 know.

15 Q How many times had you met her or talked to
16 her before the summer of 1999?

17 A I couldn't tell you precisely. I know that
18 I had met her a couple of times. I couldn't -- I
19 just -- I don't know.

20 Q Were your -- were your contacts with her
21 purely in the context of her representing Lehman in
22 doing business with Clear Channel?

23 A Not exclusively, no.

24 Q What were the other contacts in which --
25 contacts in which you had contacts with her?

1 A She -- she was the primary contact for
2 Lehman during the Heftel equity offering in early '97.

3 Q The Heftel equity offering being the time in
4 which you acquired majority interest?

5 A Yes.

6 Q What was Lehman's role in that transaction?

7 A They were a co-lead underwriter.

8 Q After -- after that had you had -- did you
9 have any contacts with her outside the context of
10 doing the work for Clear Channel?

11 A Yes.

12 Q And what were those contacts?

13 A Well, I had contacts with her both within
14 the scope of Clear Channel and outside the scope of
15 Clear Channel.

16 Q Okay. Within the scope of Clear Channel
17 what was your contact with her?

18 A And this is in -- I'm sorry. Can you tell
19 me the time frame that we're talking about?

20 Q We're talking from 1997 through the summer
21 of '99.

22 A I couldn't tell you all the specific ones.
23 But -- I guess I don't recall specifically.

24 Q What -- did you -- was she working on
25 transactions for Clear Channel in that period of time?

1 A We had not engaged her, but I don't know
2 that she did or didn't call me. I certainly had
3 contacts from Lehman Brothers on potential investment
4 ideas and things like that. So I certainly don't have
5 any reason to think she wasn't calling me. I got lots
6 and lots of calls from investment bankers. I just
7 couldn't tell.

8 Q So if you had discussions with her in the
9 context of Clear Channel it was because she was trying
10 to get business from you in that period of time?

11 A Most likely, yes.

12 Q Did you ever talk to her about any
13 acquisition involving SBS in 1996, '97, or '98?

14 A Not that I can recall.

15 Q Outside of Clear Channel what were your
16 contacts with Elizabeth Satin in the period from 1996
17 through the summer of '99?

18 A The only contact that I recall was a
19 conversation that I had with her about the SBS IPO.

20 Q And at that point did you consider her a
21 friend?

22 A Yes.

23 Q And as a result of these business contacts
24 that you had had with her?

25 A I would have -- still would characterize her

1 a friend, yes.

2 Q How did -- when did you have this
3 conversation with Elizabeth Satin about the SBS IPO?

4 A I don't know precisely. My recollection is
5 it was sometime toward the end of the summer of 1999
6 but that could be -- that could be off.

7 Q Was this a telephone conversation?

8 A Yes.

9 Q Did you call her or did she call you?

10 A My recollection is that I called her.

11 Q And other than talking to her about the SBS
12 IPO did you discuss any other subjects in that
13 conversation?

14 A Not that I recall.

15 Q Were you -- were you in San Antonio when you
16 made the call?

17 A That's my recollection, yes.

18 Q Here at Clear Channel?

19 A I believe so.

20 Q And you called her on your business?

21 A I believe so.

22 Q What -- what led you to call her?

23 A I had had a conversation with Mr. Hinson at
24 Heftel and we -- he had -- Mr. Hinson had called me
25 and had asked me whether or not Lehman Brothers, as

1 part of the underwriting that they had done for Heftel
2 in '97, had agreed that they would not be a lead
3 underwriter for SBS.

4 And I told him that that was the case.
5 And he said, that's what he thought and that that was
6 disappointing to him. And I said, it is.

7 The -- then the -- he made a comment to
8 the effect that he hoped Lehman had done all of their
9 due diligence. And I asked him why. And he said that
10 he thought that there was something in the public
11 domain where Raul, Mr. Alarcon, had admitted to using
12 drugs. I said, well, that would provide interesting
13 disclosure if that was true. And that was the end of
14 the call.

15 When I hung up with Jeff I called
16 Mrs. Satin primarily because I wanted to see if it was
17 true that she was doing the IPO for SBS.

18 Q Did -- did Mr. Hinson tell you that he
19 thought that they were -- that Lehman was doing the
20 IPO for SBS?

21 A Yeah. I think I -- I think I said that. If
22 I didn't say that, yes.

23 Q Did he say why he thought that?

24 A I don't recall if he did or did not.

25 Q Can you remember what Mr. Hinson told you

1 about Mr. Alarcon and a public filing involving drug
2 use?

3 A That's all -- what I relate was all I really
4 remember. It was a short comment. It was not in
5 detail. And that's all I remember.

6 Q Mr. Hinson didn't say where he had read it
7 or who told him or anything like that?

8 A I don't recall that he did, no.

9 Q You said drug use. Did Mr. Hinson say just
10 drug use by Mr. Alarcon or **was** it -- did he also talk
11 about drug trafficking or drug sales?

12 A My recollection was it was just that Raul
13 had admitted to using drugs.

14 Q Did -- you said that -- you said that it was
15 your recollection that when Lehman did the Heftel
16 offering in -- was it 1997?

17 A Uh-huh.

18 Q -- that they had committed not to do a --
19 a -- to be an underwriter for an SBS IPO. Is that
20 what you said?

21 A That's correct.

22 Q Was that in writing?

23 A No.

24 Q So that was -- that was an oral
25 representation?

1 A Yes.

2 Q And was it made to you?

3 A Yes.

4 Q Was anyone else present?

5 A Yes.

6 Q Who else was present?

7 A There would have been representatives from
8 B.T. Alex Brown, Montgomery Securities, Credit Suisse
9 First Boston and Smith-Barney as well -- I believe it
10 was Ms. Satin, but it could have been another
11 representative of Lehman. I don't -- can't
12 specifically remember whether or not she **was** the
13 representative from Lehman.

14 Q But it's your testimony that a
15 representative of Lehman said in your presence in
16 connection with the '97 Heftel IP -- well, was it an
17 IPO?

18 A No. It was just a -- just an offering.
19 Heftel was already public.

20 Q -- that Lehman would not represent SBS in an
21 IPO.

22 A That is correct.

23 Q Who were the people from Smith-Barney, CSFB,
24 Alex Brown, and Montgomery who were present?

25 A I don't recall specifically, to be honest

1 with you.

2 Q Was anyone else other than yourself from
3 Clear Channel or Heftel present?

4 A It is certainly possible that our attorneys
5 that were doing it, could have been present, because
6 it was right at the end of a due diligence session.
7 And my guess is that there were attorneys in the room
8 but I can't be sure.

9 Q Was Mr. Hinson present?

10 A No.

11 Q Mr. Tichenor?

12 A No.

13 Q No one -- no one from Heftel other than
14 yourself.

15 A No.

16 Q And no one else from Clear Channel.

17 A Not that I -- not that I specifically
18 recall.

19 Q How did the subject come up?

20 A The subject came up at the end of the due
21 diligence session. We were -- essentially we had just
22 gone through, I don't know, two days worked up getting
23 ready for this equity offering. And we had pretty
24 much wrapped up.

25 We had gone through, you know, **all** of

1 our marketing plans, going through the road show,
2 going through the confidential due diligence
3 sessions. And we were kind of wrapping up the
4 meetings.

5 And I said to each of the underwriters
6 that it was my expectation that if they were going to
7 be the lead underwriters for Heftel and be
8 confidential advisors to Heftel that they should not
9 be -- that they should not lead in the SBS IPO. And I
10 went around the room and everybody said yes.

11 Q So everybody from the people in the room who
12 represented Lehman, Alex Brown, Montgomery --

13 A First Boston.

14 Q -- First Boston and Smith-Barney --

15 A That's correct, that I recall.

16 Q -- all said yes.

17 A Yes.

18 Q And was Jeff Amling the person from Alex
19 Brown?

20 A I don't recall if Jeff was or was not at
21 that meeting at that time. He had certainly been at
22 the meetings. Whether he was there at the very end I
23 don't know.

24 Q And you didn't get this in writing from
25 anyone?

1 A No.

2 Q You're willing to trust the word of an
3 investment banker?

4 A You know, I mean, I think at the end of the
5 day I couldn't -- if they wanted to there's nothing I
6 could do to stop them from doing it, you know. So I
7 don't know what good it does to get that in writing
8 anyway. I think it was an oral agreement.

9 Q If you -- if you had had one of them say
10 they wouldn't agree to that, would you have kicked
11 them off the underwriting team?

12 A I don't know.

13 Q Did you threaten to do that?

14 A No.

15 Q Was it -- was there an implicit threat that
16 they would be off the team?

17 A I certainly didn't make one.

18 Q You asked them to -- you asked them to
19 commit to this. Isn't the -- isn't the flip side of
20 that if they don't commit they're not going to be able
21 to participate in the underwriting?

22 A Again, I didn't say that.

23 Q And if they don't participate in the
24 underwriting they don't get the fee.

25 A Well, if they don't participate in the

1 underwriting they don't get the fee.

2 Q Well, did you ask them to commit not to do
3 an offering for any other company other than SBS?

4 A No.

5 Q Why were you focused on SBS?

6 A Well, I think that if you look at that point
7 in time we had just created the first publicly -- I
8 mean really kind of come out with what we were calling
9 New Heftel as this -- to market as a
10 Spanish-language-focused radio company.

11 And I think it was my perception, at
12 least, that I did not want those advisors to dilute
13 their interest and enthusiasm for this company for
14 another company that would look very similar in the
15 eyes of the investment community.

16 Q Well, once your offering was done weren't
17 there obligations you end it?

18 A I don't think so.

19 Q How would it dilute their enthusiasm for
20 supporting the Heftel -- New Heftel by having a future
21 participation in an SBS IPO?

22 A Well, because I think that, you know, from
23 my standpoint if you are marketing and saying you
24 need -- you ought to buy the stock of company A and
25 company B looks very similar to it, and in fact is